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Commissioner John Geesman
Commissioner Jackalyne Pfannenstiel
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Dear Commissioners:

RE: Docket No. 03-RPS-1078 (RPS Proceeding); RPS 2005 Procurement Verification Report

San Diego Gas & Electric Company ("SDG&E") appreciates this opportunity to offer its comments concerning the draft *Renewables Portfolio Standard 2005 Procurement Verification Report* (the "Report") prepared by California Energy Commission ("Commission") staff. While SDG&E believes that the draft Report is generally accurate, it discusses below certain aspects of the draft Report that must be clarified or revised prior to final adoption.^{1/}

Clarify Scope of Report

It is not entirely clear whether the Report is intended to represent the Commission's verification of 2005 data only, or is instead intended to verify 2001-2005 RPS procurement data. Although the title of the Report suggests that it is limited in scope to calendar year 2005, the Report itself notes that it "covers the 2005 calendar year *and includes electricity procurement data from 2001 through 2005 where applicable.*"^{2/} Similarly, the Report states that it "presents procurement verification findings for 2005 *and updates findings in the previous Verification Reports for 2001, 2003, and 2004.*"^{3/} The Appendix to the Report contains CEC-RPS-Track data for both 2004 and 2005, and while some tables included in the Report contain only 2005 data, others contain data for calendar years 2003 – 2005. Thus, the scope of the data verified in the Report is unclear and the Report should be revised to identify with specificity the calendar year data it purports to verify.

An accurate understanding of what data are verified in the Report is key to the ability of the investor-owned utilities ("IOUs") to respond to a directive recently issued by the California Public Utilities Commission ("CPUC"). In its Ruling adopting a standardized RPS reporting format, the CPUC ordered the IOUs to file updated RPS compliance reports for calendar years 2004 and 2005

^{1/} SDG&E also notes the inadvertent substitution of "SDG&E" with "SCE" in the draft Report (e.g., draft Report, p. 26) and assumes all such typographical errors will be corrected prior to issuance of the final version of the Report.
^{2/} Staff Draft Report, p. 1 (emphasis added).
^{3/} *Id.* p. 19 (emphasis added).

using the new reporting format.^{4/} It noted, however, that “it is most efficient for respondents, parties and the Commission to prepare and review those updates after the CEC issues its updated Verification Report,” and accordingly directed the IOUs to submit their respective updated compliance reports “within 30 days of the day the CEC issues its updated Verification Report for 2004 and 2005.”^{5/} This reference to a single “Verification Report for 2004 and 2005” suggests an assumption on the part of the CPUC that the Report verifies *both* 2004 and 2005 data. Thus, to the extent the Report does not in fact verify calendar year 2004 data, it is important that this point be made clear.

If the Report is not intended to verify data from calendar years 2004 or earlier, SDG&E suggests that the Commission undertake verification of this data at the earliest opportunity. Accurate calculation of RPS procurement amounts is fundamental to fair enforcement of RPS obligations. Where regulatory developments such as the CPUC’s recent decision concerning distributed generation may alter RPS procurement totals,^{6/} the Commission must ensure that correct data is provided to the CPUC. As noted above, the CPUC has directed the IOUs to delay filing their updated RPS compliance reports until after Commission verification of RPS procurement data. Thus, verification of RPS procurement data in the near term is critical to the IOUs’ ability to issue timely updates to their CPUC RPS compliance reports.

Revisions Required to Ensure Consistency

SG&E recommends limited revisions designed to preserve the internal consistency of the Report, as well as uniformity between Commission and CPUC reporting processes.

(a) Internal Consistency

Table 38 of the draft Report indicates that 34,134MWH were not verified. However, this conflicts with Table 5 and Table 22, both of which indicate that all 825,366MWH procured by SDG&E in 2005 are eligible towards meeting SDG&E’s APT for that year.

Table 38 of the draft Report sets forth data regarding procurement that could not be confirmed as being from an RPS-eligible resource. SDG&E understands from discussions with Commission staff that the RPS eligibility of resources will be confirmed prior to adoption of the final Report. To the extent a resource is RPS-certified, amounts shown in the draft Report as disallowed will be counted towards 2005 RPS compliance in the final report. In order to assist in this process, SDG&E notes the following:

- **24,867MWH Biogas Disallowance:** This total disallowance is comprised of 1,099MWH from Jamacha and 23,768MWH from San Diego MWD. Both entities are RPS-certified. Further, in prior correspondence with CEC Staff, procurement from these two projects was not identified as being unverifiable. Accordingly, deliveries from these resources should be counted for 2005.

^{4/} Administrative Law Judge’s Ruling Adopting Standardized Reporting Format, Setting Schedule for Filing Updated Reports and Addressing Subsequent Process, dated March 12, 2007, p. 7.

^{5/} *Id.*

^{6/} *See*, D.07-01-018, dated January 11, 2007 (concluding that renewable distributed generation facility owners should retain 100% of the renewable energy credits associated with their facilities).

- **9,267MWH Small Hydro Disallowance:** This total disallowance is comprised of 2,311MWH from Badger Filtration Plant; 4,773MWH from Bear Valley Hydro; 1,495MWH from Olivenhain Municipal; and, 687MWH from San Francisco Peak Hydro Plant. All of these resources are RPS certified. Further, in prior correspondence with CEC Staff, procurement from these projects was not identified as being unverifiable. Accordingly, deliveries from these resources should be counted for 2005.^{7/}

Thus, the draft Report must be revised in accordance with the above to reflect zero disallowances for 2005.

(b) *Uniformity between Commission and CPUC Reporting Processes*

The standardized RPS reporting format recently adopted by the CPUC includes the following fuel types:

Biomass
Digester Gas
Biodiesel
Landfill Gas
Muni Solid Waste
<i>Biopower Subtotal</i>
Geothermal
Small Hydro
Conduit Hydro
Ocean/Tidal
Solar PV
Solar Thermal
Wind

Tables 25 – 28, 30, and 33-38 of the draft Report identify RPS procurement by fuel type. However, the categories of fuel type listed in these Tables are inconsistent with those set forth above. In order to allow the Report to be used for its intended purpose – *i.e.* to verify data, including fuel type data, provided to the CPUC by the IOUs – the Report should use categories identical to those set forth in the CPUC’s standardized RPS compliance report.

Sincerely,

Bernie Orozco

^{7/} In addition, the Report incorrectly states that Prima Deshecha and San Diego MWD are not RPS certified. (*Draft Report*, p. 10) SDG&E has discussed this error with Commission staff and understand that it will be remedied prior to final adoption of the Report.